

## SHD Paraphrased Regulations - CalWORKs

### 020 Intercounty-Transfers-etc

#### 020-1

When a CalWORKs (formerly AFDC) applicant moves from one county to another to make his/her home after an application has been signed or restoration requested in the first county, the first county shall complete the determination of eligibility or ineligibility. If eligibility exists, this county shall authorize aid and certify the applicant for medical assistance, or if indicated, certify him/her as a Medically Needy person eligible for medical assistance. Intercounty transfer is then initiated with the county in which the recipient is making his/her home. (§40-125.5)

#### 020-2

A CalWORKs (formerly AFDC) intercounty transfer is initiated immediately when the first county is notified that the recipient has moved his/her permanent residence to another county. (§40-189.21, renumbered to §40-190.1 effective May 1, 1997)

#### 020-3

The first county, the county currently paying CalWORKs (formerly AFDC) aid or certifying for medical assistance, is responsible for notifying the second county of the recipient's move to that county, in writing or by electronic data transfer. (§40-195.211, modified and renumbered to §40-195.11, effective May 1, 1997)

#### 020-3A ADDED 6/04

When a CalWORKs recipient moves from one county to another and the recipient's CalWORKs benefits are discontinued, the county may not require the individual to reapply for Medi-Cal or complete a redetermination based solely on the move from one county to another.

When the receiving county determines that the CalWORKs recipient failed to meet CalWORKs requirements, or is otherwise ineligible for CalWORKs during the intercounty transfer period, the CalWORKs case will not be authorized in the receiving county. The sending county will discontinue CalWORKs and convert the case to aid code 38 pending authorization of Medi-Cal in the receiving county.

A referral to the receiving county for a Medi-Cal ICT for persons discontinued from CalWORKs is not required when the discontinuance was due to loss of California residency, incarceration, death, or if the person is transitioning into another public assistance program that provides Medi-Cal benefits such as SSI/SSP or IHSS.

(All-County Letter 04-14, April 14, 2004)

#### 020-4A

The expiration of the intercounty transfer (ICT) period occurs at the end of the month following the 30-day transfer period after the first county either mails or electronically transfers the notification of the ICT to the second county, or the end of the month in which aid is discontinued for cause, by mutual agreement of the counties involved, whichever date is earliest. (§40-187.12)

#### 020-5

There is no need for a new application where there is a transfer between CalWORKs (formerly AFDC)-Family Group/Unemployed and CalWORKs-Foster Care and vice versa. (§40-121.32)

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#### 020-6

An intraprogram status change is to be initiated when there is a change from CalWORKs (formerly AFDC)-Foster Care to CalWORKs-Family Group or CalWORKs-Unemployed. (§40-183.1) There is no necessity for a new application. (§40-121.32)

#### 020-7

In processing Medi-Cal applications, the county is to advise applicants who appear to be eligible for a CalWORKs (formerly AFDC) cash grant of their potential eligibility and the application should be processed under the CalWORKs cash grant program if the applicant so desires. The fact that the applicant was advised of potential CalWORKs cash eligibility shall be documented in the case file. (Title 22, California Code of Regulations, §50153)

#### 020-8 REVISED 2/05

There shall be no interruption or overlapping in payment of aid as a result of a recipient moving from one county to another to make his/her home. (§40-187.21, renumbered to §40-190.2 effective May 1, 1997)

The second county shall establish the recipient's quarterly reporting cycle which may differ from the first county's quarterly reporting cycle (§40-190.21)

The first county is responsible for determining eligibility and payment during the "transfer period". (§40-190.22)

#### 020-8A ADDED 2/04

When a recipient reports moving to another county, counties must follow inter-county transfer (ICT) rules found at MPP §§40-187 through 40-197. For food stamp purposes, the recipient's must reapply for food stamps in the second county. However, the first county will discontinue food stamps to coincide with the transfer period of the CalWORKs case. Thus if a recipient informs county A on February 5 that she moved to county B, county A will discontinue food stamps effective March 31 to coincide with the transfer of the CalWORKs case.

When a recipient moves from County A to County B, when County B assumes responsibility for the newly transferred case, County B will establish the new benefit amount based on their budgeting method and using their reporting cycle. When a case is transferred from a QR/PB county to a retrospective budgeting county (MRRB), the MRRB county must use prospective budgeting to determine the first two months of aid/benefits, similar to how a new application is handled.

(All-County Letter No. 03-18, April 29, 2003, pp.36; All-County Information Notice I-54-03, August 27, 2003, question and answer 14)

#### 020-9

When a first county places a child in a foster home in a second county, the first county retains responsibility for payment of aid. (§40-190.32, formerly §40-187.221)

#### 020-10

When a CalWORKs (formerly AFDC) child moves intercounty to the home of his/her

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parent or relative, and (1) the parent or relative is receiving CalWORKs from the second county and requests continued CalWORKs for that child or (2) the parent or relative applies for that child, or that child and other persons, the responsibility of the counties during the transfer period (as defined in §40-187.15) is as follows:

1. If the new AU consists of the transferred child plus one or more aid applicants, the first county is responsible for eligibility and aid payment, including adding new applicants to the AU;
2. If the new AU consists of the transferred child and persons currently aided in the second county, the second county is responsible for eligibility and aid payment, including adding transferred persons to the existing AU.

(§40-187.222, effective January 1, 1997, revised to §40-190.222, effective August 21, 2002)

#### 020-11

In intercounty transfer cases, the county in which the AU resides is responsible for the HA eligibility determination and HA payment from the date of the request. For HA purposes, an AU resides in the county in which the AU is physically located and intends to reside. (§44-211.515, effective January 1, 1997)

#### 020-12

Eligibility for and the amount of payment for HA shall be determined using the MAP amount for the county where the AU resides, as defined in §44-211.515. (§44-211.515(a), effective January 1, 1997)

#### 021-1 REVISED 8/04

In monthly reporting, CalWORKs (formerly AFDC) recipients are required to submit a reporting form known as the CA 7 on a monthly basis. The report is due by the fifth day of each calendar month but may not be submitted before the first day of the calendar month.

In quarterly reporting, CalWORKs recipients must submit the QR 7 on a quarterly basis. The QR 7 is due on the fifth day of the QR Submit Month.

(§40-181.22)

#### 021-2

If the CalWORKs (formerly AFDC) recipient fails to submit a completed CA 7/QR 7 form by the eleventh of each month/QR Submit Month, the county is to send or give the appropriate discontinuance notice. The county is to attempt to make a personal contact with the recipient either by telephone or in a face-to-face interview, during which the recipient must be reminded that a complete CA 7/QR 7 must be received by the county no later than the first working day of the payment month/QR Payment Quarter. If the personal contact is unsuccessful, a reminder notice shall be mailed no later than five days prior to the last calendar day of the report month/QR Submit Month. The reminder notice must be sent in a separate envelope from the discontinuance notice. The county shall document in the case file how and when the contact was attempted or made. If on or before the first working day of the payment month the recipient submits a completed

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CA 7/QR 7 form, the county is to rescind its discontinuance action. (§40-181.22)

#### 021-4

A recipient who is a sponsored alien shall report the income and resources of the sponsor. The recipient shall submit a completed CA 72/QR 72 form reporting the income and resources of the sponsor. The recipient is responsible for obtaining all information necessary to complete the CA 72/QR 72 and for obtaining any cooperation necessary from the sponsor. The failure to provide a completed CA 72/QR 72 on or before the first calendar day of the payment month/QR Payment Quarter shall result in discontinuance for those members of the AU who are sponsored aliens. (§40-181.25)

#### 021-5

A CalWORKs (formerly AFDC) recipient may have good cause for failure to submit a complete CA 7/QR 7 form in a timely fashion. Good cause exists only when the recipient cannot reasonably be expected to fulfill his/her reporting responsibilities due to factors outside of the recipient's control, i.e., there is a mental or physical condition which prevents timely and complete reporting; when the failure is directly due to county error; or when other extenuating circumstances exist. The burden of the proof rests with the recipient. (§40-181.23)

#### 021-6

When the CalWORKs (formerly AFDC) recipient has good cause for not reporting timely, the county shall rescind the discontinuance, or allow all appropriate earned income disregards, whichever is appropriate. (§40-181.234, formally amended effective July 1, 1998) Effective with the January 1, 1998 aid payments, there are no disregard penalties for late reporting. (All-County Letter No. 97-67, October 23, 1997; §§44-113.218, 40-181.234, effective July 1, 1998)

#### 021-8

A complete CA 7 (the monthly income report) for CalWORKs (formerly AFDC) purposes is one which meets the following requirements:

- (a) A CA 7/QR 7 is complete if the date the CA 7/QR 7 is signed is no earlier than the first day of the report/submit month. This requirement is met when the date entered on the CA 7/QR 7 by the recipient, together with other dated material provided with the CA 7/QR 7 and the date on which the County Welfare Department mailed or gave the CA 7/QR 7 to the recipient, clearly establishes that the CA 7 was signed no earlier than the first of the report/submit month.
- (b) A CA 7/QR 7 is complete when the address along with other information provided on the CA 7/QR 7 is sufficient for county administrative purposes, including the ability to locate the recipient.
- (c) A CA 7/QR 7 form is complete if it is signed by each natural or adoptive parent or aided spouse of a parent or other caretaker relative living in the home, unless an individual so specified is temporarily absent from the home.
- (d) [Reserved] [Prior to February 3, 1999, regulations provided that a complete CA 7 form must include the number of days and hours worked by a wage earner]

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whose unemployment status constituted a basis of deprivation for at least one child in the Assistance Unit.]

- (e) In order for the CA 7/QR 7 form to be considered complete, the response to all questions pertaining to CalWORKs eligibility and grant amount must, together with the submitted evidence, provide sufficient information for the county to determine eligibility and/or grant amount. Reported income shall include earned, unearned, exempt, and nonexempt income received during the budget month/QR Payment Quarter and income reasonably anticipated to be received during the next QR Payment Quarter.
- (f) Evidence shall be submitted with the CA 7/QR 7 to verify the gross amount of all earned income received and the date of receipt. Evidence shall be submitted to verify the initial receipt of, or a change in the amount of, unearned income received.
- (g) A complete CA 7/QR 7 form must contain information which is consistent with other information which the county has verified to be accurate.
- (h) The CA 7/QR 7 shall include Form CA 72/QR 72 when the recipient is a sponsored alien.
- (i) The Supplemental Monthly Income Report (CA 73/QR 73) shall be submitted with the CA 7/QR 7 when the recipient is a minor parent who lives with his/her senior parent or legal guardian. The completeness of the CA 73/QR 73 form shall be determined using the criteria for evaluating the completeness of the CA 7/QR 7.

(§40-181.241, as revised effective February 3, 1999 and applicable to QR 7 forms when the county implements the QR/PB process.)

#### 022-1

An Intentional Program Violation (IPV) is a determination made by a state or federal court, or pursuant to an administrative disqualification hearing, including (effective July 1, 1998) any determination made on the basis of a plea of guilty or nolo contendere, that an individual has intentionally:

- (a) Made a false or misleading statement or misrepresented, concealed or withheld facts; or
- (b) Committed any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity; and
- (c) Committed these acts to establish or maintain CalWORKs (formerly AFDC) eligibility, or to increase or prevent a reduction in the amount of the CalWORKs grant.

(§20-351.1i(1), Handbook §80-301i.(2))

#### 022-2 REVISED 5/05

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Individuals who are found by a state or federal court or by an administrative disqualification hearing to have committed a fraudulent act prior to January 1, 1998, shall be ineligible to receive CalWORKs as follows:

- (1) First violation, for six months.
- (2) Second violation, for twelve months.
- (3) Third violation, permanently.

These penalties are two years for the first violation, four years for the second violation and permanent for the third violation if the fraudulent act is one of the following:

- (1) Submitting more than one application for the same period of time and for the purpose of receiving more than one grant.
- (2) Submitting documentation for nonexistent children.
- (3) Submitting false documentation for the purpose of showing ineligible children to be eligible. (Handbook Section 82-620.1 and Handbook Section 20-353.1)

Individuals found to have committed an IPV shall be ineligible to receive benefits for six months for the first, twelve months for the second, and permanently for the third violation. (§82-620.1)

These county imposed sanctions shall be in addition to, not in lieu of, any other court imposed penalties (§82-620.5); are subject to reversal only by a court of appropriate jurisdiction (§82-620.3); and the disqualification periods themselves are not subject to review or revision (§82-620.4).

#### 022-3

The crime of welfare fraud, including both AFDC and FS fraud, requires proof that the individual charged was not entitled to the benefits received. (*People v. Ochoa* (1991) 231 Cal.App.3d 1413, 282 Cal.Rptr. 805)

#### 022-4

Program staff (e.g., eligibility workers) and program supervisors must ensure that applicants and recipients understand the penalties involved for misstating or not reporting relevant facts. "This responsibility should be reviewed with the applicant/recipient regularly as a reminder or to clear up any misunderstanding." (§20-005.311)

#### 022-5

Program staff and program supervisors are responsible for determining eligibility and the correct benefit amount for all recipients. They must ensure that applicants and recipients understand their responsibility for providing correct and complete data and for promptly reporting facts required for the correct determination of eligibility and the benefit amount. (§20-005.311)

Program staff are also responsible for taking prompt action on information received and for relating information received which may affect future eligibility or need. (§20-005.312)

When it is known that recipients have a problem in reporting changes, more frequent

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contact may minimize the problem when there is reasonable doubt as to eligibility or benefit level. This type of follow-up of information to prevent possible fraudulent action by the recipient is a recognized "helping" process for which program staff are responsible. (§20-005.313)

#### 022-6

The fraud penalties set forth in Handbook §§20-353.2 through .261 shall apply only to individuals committing an IPV act on or after January 1, 1998. These new penalties are also imposed when IPV acts began prior to January 1, 1998 and continued past that date. (§20-353.3, effective July 1, 1998)

#### 022-6A ADDED 5/05

An individual is permanently ineligible for CalWORKs if he or she is found to have committed any one of the following fraudulent acts on or after January 1, 1998, by a state or federal court, including any determination made on the basis of a plea of guilty or nolo contendere, or through an administrative disqualification hearing:

- (a) Made fraudulent statements or representations regarding their place of residence in order to receive assistance simultaneously from two or more states or counties.
  - (b) Submitted false documentation for nonexistent or ineligible children.
  - (c) Received cash benefits in excess of \$10,000 through fraudulent means.
  - (d) Convicted of a felony in a state or federal court, including a plea of guilty or nolo contendere, for receipt or attempted receipt of cash benefits in excess of \$5,000 through fraudulent means.
  - (e) Third violation for any of the following acts:
    - 1) Making false or misleading statements or misrepresenting, concealing, or withholding facts;
    - 2) Committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity.
  - (f) Third violation for fraudulently submitting more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid, in order to establish or maintain the families eligibility for aid, or increasing, or preventing reduction in the amount of that aid.
- (Handbook Section 20-353.21)

#### 022-6B ADDED 5/05

An individual is ineligible for CalWORKs for a period of five years if he or she is convicted of a felony in a state or federal court, including any determination made on the basis of a plea of guilty or nolo contendere, for an act committed on or after January 1, 1998, that does not meet the permanent penalty criteria and the overpayment is more than \$2,000 but less than \$5,000. (Handbook Section 20-353.22)

#### 022-6C ADDED 5/05

An individual is ineligible for CalWORKs for a period of four years for the second violation, which occurred on or after January 1, 1998, of fraudulently submitting more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid, in order to establish or maintain the families eligibility for aid, or increasing, or preventing reduction in the amount of that aid. (Handbook Section 20-353.23)

#### 022-6D ADDED 5/05

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An individual is ineligible for CalWORKs for a period of two years:

- (a) If he or she is convicted of a felony in a state or federal court, including any determination made on the basis of a plea of guilty or nolo contendere, for an act committed on or after January 1, 1998, that does not meet the permanent penalty criteria and the overpayment is less than \$2,000.
- (b) For the first violation, on or after January 1, 1998, of fraudulently submitting more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid, in order to establish or maintain the families eligibility for aid, or increasing, or preventing reduction in the amount of that aid.  
(Handbook Section 20-353.24)

#### 022-6E ADDED 5/05

An individual is ineligible for CalWORKs for a period of twelve months for the second violation, which occurred on or after January 1, 1998, of either of the following acts committed for the purpose of establishing or maintaining the family's eligibility for aid or increasing, or preventing a reduction in, the amount of that aid:

- (a) Making false or misleading statements or misrepresenting, concealing, or withholding facts;
- (b) Committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity. (Handbook Section 20-353.25)

#### 022-6F ADDED 5/05

An individual is ineligible for CalWORKs for a period of six months for the first violation, which occurred on or after January 1, 1998, of either of the following acts committed for the purpose of establishing or maintaining the family's eligibility for aid or increasing, or preventing a reduction in, the amount of that aid:

- (a) Making false or misleading statements or misrepresenting, concealing, or withholding facts;
- (b) Committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity. (Handbook Section 20-353.26)

#### 022-7

The same IPV act repeated over a period of time shall not be separated so that separate penalties can be imposed. (§20-353.7),

#### 022-8

The County Welfare Department shall provide all applicants with a written notice of the disqualification penalties for IPV's under this section at the time of application. (§22-310, effective January 5, 1995)

#### 022-9 ADDED 5/05

If the individual is not eligible for CalWORKs at the time the disqualification period is to begin, the period is to be postponed until the person applies for and is determined to be eligible for aid. (Section 20-353.5)



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#### 024-1

The following individuals are excluded by law from the CalWORKs AU:

1. Persons fleeing to avoid prosecution, or custody and confinement after conviction, for a crime or attempt to commit a crime that is classified as a felony. The existence of an arrest warrant is presumed to be evidence of fleeing, which can be rebutted if the individual can show he/she did not know that law enforcement was seeking him/her.
2. Persons violating a condition of probation or parole imposed under federal or state law, whether or not the initial offense was a felony.

(W&IC §11486.5(a); §82-832.19, amended and renumbered to §82-832.1(i) and (j) effective May 1, 1999, and then to §82-832.1(h) and (i), effective February 28, 2002)

As of January 1, 1998, "Fleeing to avoid prosecution, or custody and confinement after conviction" means a warrant for arrest has been issued; and "Violating a condition of probation or parole" means a warrant for a crime that violates a condition of probation or parole has been issued, or an order has been issued revoking probation or parole. (All-County Letter No. 97-65, p. 5, October 29, 1997)

#### 024-4

Any person convicted of a felony that has an element related to the possession, use, or distribution of a controlled substance shall be ineligible for aid under CalWORKs.

"Controlled substances" are those defined in 21 United States Code §802, or in Division 10 of the Health and Safety Code, commencing with §11000. (W&IC §11251.3; All-County Letter (ACL) No. 97-65, p. 5, October 29, 1997)

Those persons who have committed a drug-related felony after August 22, 1996, and have been convicted (including conviction based on a "guilty" or "nolo contendere" plea) as a drug felon in a state or federal court after December 31, 1997, shall be excluded from the AU as a matter of law. (§82-832.1(j), as renumbered from (k) effective February 28, 2002) Prior to May 1, 1999, the exclusion applied only when the drug-related felony occurred after August 22, 1996. (§82-832.20, effective July 1, 1998, and repealed effective May 1, 1999)

#### 024-5

It is the position of the CDSS that a person who pleads guilty to a drug felony, and then is permitted to enter a drug court/diversion program prior to entry of judgment, is not considered a drug felon for either CalWORKs or FS. However, if the individual fails to meet all program requirements, and judgment is entered, the date the judge enters the judgment (even if the judgment is retroactive to the date of the plea) is the date the person is considered a drug felon. (All-County Information Notice No. I-71-99, September 23, 1999)

#### 024-6

It is the position of the CDSS that when a felony drug judgment has been entered against a person, and the conviction is reduced to a misdemeanor or the record is expunged, that the person is no longer ineligible for CalWORKs or FS. However, if the

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person has previously been excluded from those programs, there is no retroactive eligibility. (All-County Information Notice No. I-71-99; September 23, 1999)

#### 024-7

A minor who is convicted of a drug offense in a criminal court proceeding must have been convicted as an "adult" in order for the exclusion penalties to be applied. This applies to both CalWORKs and FS. (All-County Information Notice No. I-71-99, September 23, 1999)

#### 025-1

The following individuals are excluded by law from the CalWORKs AU:

1. Persons fleeing to avoid prosecution, or custody and confinement after conviction, for a crime or attempt to commit a crime that is classified as a felony. The existence of an arrest warrant is presumed to be evidence of fleeing, which can be rebutted if the individual can show he/she did not know that law enforcement was seeking him/her.
2. Persons violating a condition of probation or parole imposed under federal or state law, whether or not the initial offense was a felony.

(W&IC §11486.5(a); §82-832.19, amended and renumbered to §82-832.1(i) and (j) effective May 1, 1999, and then to §82-832.1(h) and (i), effective February 28, 2002)

As of January 1, 1998, "Fleeing to avoid prosecution, or custody and confinement after conviction" means a warrant for arrest has been issued; and "Violating a condition of probation or parole" means a warrant for a crime that violates a condition of probation or parole has been issued, or an order has been issued revoking probation or parole. (All-County Letter No. 97-65, p. 5, October 29, 1997)

#### 025-2

The county shall inform all persons required to provide fingerprint and photo images that the images will be used only to prevent or prosecute welfare fraud. (§40-105.342, effective January 1, 1998)

#### 025-3

Persons who would otherwise be required to provide fingerprints and photo images shall be temporarily exempt, for a period of not more than 60 days as follows:

- (a) Persons with both hands damaged so as to preclude fingerprint imaging shall be excused from fingerprint imaging only.
- (b) Persons with medically verified physical conditions which preclude them from coming into the office shall be excused from both forms of imaging.
- (c) Persons who cannot complete the process because of technical problems with the imaging system.

(§§40-105.331(a), (b); §40-105.35, effective January 1, 1998)

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Persons refusing to be fingerprinted/photo imaged for other reasons (e.g., religious beliefs) will cause the AU to have its benefits denied or discontinued. (All-County Letter No. 00-32, May 11, 2000, Question 19)

Persons missing all ten fingers shall be permanently excused from fingerprint imaging only. (§40-105.332, effective January 1, 1998)

#### 025-4

Counties must systematically inform clients of the Statewide Fingerprint Imaging System (SFIS) requirements. During the period when forms (such as the SAWS-2A, DFA 285.A3, and FS 8) are being revised, counties should provide the form TEMP 2173 to both CalWORKs and Food Stamp applicants or recipients. (All-County Letter No. 00-32, May 11, 2000, Questions 8 and 9)

#### 025-5

If an applicant has not provided an item which must be verified (e.g., income) and has also not completed the fingerprint imaging process, it is the CDSS position that two separate notices of action must be sent, denying aid because of each of the failures to provide the required information. (All-County Letter No. 00-32, May 11, 2000, Question 23)

#### 025-6

On August 10, 2001 the Sacramento County Superior Court issued a Judgment and Writ of Mandate. That Order provided, in pertinent part, as follows:

- "1. A writ of mandate shall issue commanding respondents and each of them and their agents, servants, employees, and representatives, and all persons acting in concert or participating with them:
  - "a. To refrain from denying or terminating benefits for the entire case of an applicant or recipient of CalWORKs and/or Food Stamps for a failure to comply with the Statewide Fingerprint Imaging System (SFIS) requirements as opposed to a refusal to comply with these requirements.
  - "b. To refrain from requiring compliance with the SFIS requirements by parents and caretaker relatives who are not themselves recipients of but were applicants on or before July 21, 1996, for AFDC (Aid to Families with Dependent Children, now CalWORKs) and/or Food Stamp benefits for children with continuing eligibility who are currently receiving benefits.
  - "c. To refrain from requiring that parents and caretaker relatives who are not applying for or receiving either CalWORKs benefits and/or Food Stamps for themselves be finger imaged and photo imaged as a condition of eligibility for benefits for other members of the family when another parent or caretaker relative in the family is applying for or receiving CalWORKs benefits and/or Food Stamps for themselves and has been finger imaged and photo imaged."

The Order also required the CDSS to issue written instructions to counties with 60 calendar days of the date of service of notice of entry of judgment of the writ, and to

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submit regulations to the Office of Administrative Law to conform with the judgment and the writ of mandate. [The CDSS appealed the judgment on August 17, 2001 and the petitioners cross appealed on September 5, 2001. It is the position of the CDSS that the portions of the Order adverse to it have been stayed on appeal, and remain stayed as of December 1, 2002.]

(All-County Information Notice No. I-69-01, August 17, 2001; *Sheyko v. Saenz*, Case No. 00C501130, Sacramento County Superior Court, August 10, 2001)

#### 026-1 ADDED 2/04

AB 444 requires the CDSS to replace the current monthly reporting/retrospective budgeting system (MRRB) with a Quarterly Reporting/Prospective Budgeting system (QR/PB) for CalWORKs. This bill also requires CDSS to adopt the QR/PB system in the food stamp program to the extent permitted by federal law and regulations. AB 444 also directs the Department to implement the statute initially through All County Letter followed by emergency regulations. (All-County Letter No. 03-18, April 29, 2003, pages 1-2)

#### 026-1A ADDED 8/04

All regulatory action implementing QR/PB shall become effective for recipient cases upon Quarterly Reporting becoming operative in the county in which they reside pursuant to the Director's QR/PB declaration. (§40-036.1)

#### 026-1B ADDED 8/04

Applicants shall be assigned by the county a specific QR cycle. To the extent possible, the county shall align the CalWORKs annual redetermination of eligibility with the food stamp recertification period and also align the redetermination/recertification with the month the QR 7 is due (i.e., the QR Submit Month)

The county must provide the recipient with written notice that includes:

- The AU's individual QR cycle,
- The month in which the initial QR 7 and subsequent QR 7s are due, and
- The QR Data Month they will be responsible for reporting information.

(§40-107(j))

#### 026-2A ADDED 8/04

QR Data Month-The month for which the recipient reports all information necessary for the county to determine eligibility. The QR Data Month is the second month of each QR Payment Quarter.

QR Payment Quarter-The quarter for which cash aid is paid/issued. A quarter is comprised of three consecutive calendar months. The QR Payment Quarter begins the first day immediately following the QR Submit Month.

QR Submit Month-The month in which the recipient must submit the QR 7 to the county. The QR Submit Month immediately follows the QR Data Month and is the third month of each QR Payment Quarter.

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(§40-103.5)

026-3 ADDED 2/04

CalWORKs and food stamp recipients who currently complete the CW 7 monthly will be required to complete the QR 7 every third month. Food stamp households that were exempt from monthly reporting will be exempt from quarterly reporting.

The completeness criteria for the QR 7 remain the same as CW 7 completeness criteria. These criteria are found at MPP §40-181.241 for CalWORKs. If items pertaining to one program's requirements are not complete and the QR 7 is submitted for both CalWORKs and food stamps, the QR 7 shall be considered incomplete for that program only. (All-County Letter No. 03-18, April 29, 2003, p.11)

026-4 ADDED 2/04

The due dates, county actions for late or incomplete QR 7 reports, and the timing of county actions remain the same under QR/PB as under monthly reporting retrospective budgeting (MRRB). Counties may refer to MPP §40-181.22 for CalWORKs regulations and §63-504.271 and §63-504.31 for food stamp regulations regarding the timing of county actions associated with late CW 7s under MRRB. (All-County Letter No. 03-18, April 29, 2003, p.12)

026-4B ADDED 8/04

In monthly reporting, CalWORKs (formerly AFDC) recipients are required to submit a reporting form known as the CA 7 on a monthly basis. The report is due by the fifth day of each calendar month but may not be submitted before the first day of the calendar month.

In quarterly reporting, CalWORKs recipients must submit the QR 7 on a quarterly basis. The QR 7 is due on the fifth day of the QR Submit Month.

(§40-181.22)

026-4C ADDED 8/04

If the CalWORKs (formerly AFDC) recipient fails to submit a completed CA 7/QR 7 form by the eleventh of each month/QR Submit Month, the county is to send or give the appropriate discontinuance notice. The county is to attempt to make a personal contact with the recipient either by telephone or in a face-to-face interview, during which the recipient must be reminded that a complete CA 7/QR 7 must be received by the county no later than the first working day of the payment month/QR Payment Quarter. If the personal contact is unsuccessful, a reminder notice shall be mailed no later than five days prior to the last calendar day of the report month/QR Submit Month. The reminder notice must be sent in a separate envelope from the discontinuance notice. The county shall document in the case file how and when the contact was attempted or made. If on or before the first working day of the payment month the recipient submits a completed CA 7/QR 7 form, the county is to rescind its discontinuance action. (§40-181.22)

026-4D ADDED 8/04

A CalWORKs (formerly AFDC) recipient may have good cause for failure to submit a complete CA 7/QR 7 form in a timely fashion. Good cause exists only when the recipient cannot reasonably be expected to fulfill his/her reporting responsibilities due to factors

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outside of the recipient's control, i.e., there is a mental or physical condition which prevents timely and complete reporting; when the failure is directly due to county error; or when other extenuating circumstances exist. The burden of the proof rests with the recipient. (§40-181.23)

#### 026-4E ADDED 2/05

The "implementation month" for QR for the county is the month in which all cases are converted to prospective budgeting. Counties will need to determine the income and family composition that will most accurately reflect the household's anticipated circumstances for the implementation month.

In order to do this, counties must require that each recipient household provide a final CW 7 in the month prior to transitioning to prospective budgeting. This CW 7 will provide a "snapshot" of the household's circumstances from the month prior to the report being submitted and should also indicate any other changes the household anticipates for future months.

Counties will need to use this reported information as a "reasonable estimate" of the household's future circumstances to determine cash aid and food stamp benefits in the first prospectively budgeted month.

CDSS recommends the use of a supplemental form to be used in conjunction with the last CW 7 so the county can obtain adequate information to determine anticipated income for the first QR Payment Quarter.

(All County Letter 03-18, April 29, 2003, page 80).

#### 026-4F ADDED 11/05

If information reported on the QR 7 is inconsistent with information provided in any mid-quarter reports made during the QR 7 Reporting Period, the county shall resolve the discrepancy by first contacting the recipient. If the county is unable to contact the recipient or obtain resolution from such contact, the QR 7 shall be considered incomplete. (§44-316.231)

#### 026-5 REVISED 2/05

If the recipient provides the QR 7 after the 11th of the QR Submit Month but by the 1<sup>st</sup> of the next month, the county shall rescind the cash aid and food stamp discontinuance and reinstate benefits at the prior level. Under QR/PB rules, there will be an overpayment in the first month of the next QR Payment Quarter when the county is unable to decrease benefits because it could not issue 10-day notice when the recipient submitted a QR 7 late in the month or by the first of the next month.

The county may take county-initiated mid-quarter action on changes in eligibility or grant status based on redetermination information in accordance with §40-181.1.

(§§40-181.222(a); 44-350.5; 44-316.331(n); All-County Letter No. 03-18, April 29, 2003, p.12)

#### 026-7 REVISED 2/05

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Eligibility regarding deprivation, household/AU composition, property, and transfer of assets for less than fair market value shall be determined on a quarterly basis based on the information reported on the QR 7. (§40-181.1(a)(1)(QR)

#### 026-7E ADDED 2/04

Except when specified, counties must average income that the assistance unit/household expects to receive over the QR Payment Quarter based on what the assistance unit/household reports on the QR 7 and use average monthly income to determine monthly benefits. Once the level and frequency of pay has been determined, the county must take the following income averaging steps to determine monthly average income:

- Add reasonably anticipated gross earned income for each month of the quarter and divide by three.
- Add reasonably anticipated disability based unearned income for each month and divide by three (CalWORKs only).
- Add reasonably anticipated gross unearned income for each month of the quarter and divide by three.
- Apply all applicable disregards for each income to averaged income amounts.
- Total all income of each type to determine average net non-exempt income.

For both CalWORKs and food stamps, averaged income is rounded down to the next lower dollar.

(All-County Letter No. 03-18, April 29, 2003, pp.24-25; All-County Information Notice I-54-03, question and answer 9)

#### 026-8 REVISED 2/05

Property eligibility is determined only once per quarter. Property rules under quarterly reporting remain unchanged under QR/PB except that nonrecurring lump sum income is now considered property in the month received in CalWORKs. (§40-181.1(a)(1); 42-209.2; All-County Letter No. 03-18, April 29, 2003, p.16)

#### 026-8B REVISED 2/05

CalWORKs rules regarding transfer of assets for less than fair market value found at MPP §42-221 remain unchanged. Under QR/PB, the period of ineligibility is established at the beginning of the upcoming QR Payment Quarter and continues for the determined number of months. (§42-221.612(b); All-County Letter No. 03-18, April 29, 2003, p.19)

#### 026-9 REVISED 2/05

A CalWORKs recipient must demonstrate continued eligibility under the deprivation requirement only once per quarter based on information reported on the QR 7. If deprivation for an assistance unit changes mid-quarter, the county may not take action until it processes the assistance unit's submitted QR 7 for the quarter. (§41-405.11; All-County Letter No. 03-18, April 29, 2003, p.18)

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026-10 ADDED 2/04

Under QR/PB, recipients are mandated to report specified changes to the county within 10 days of the date the change became known to the assistance unit/household.

These reported changes are in addition to the requirement to report income on the QR 7 report. Recipients may report these changes in the quarter (i.e., mid-quarter) verbally or in writing. The Mid-Quarter Report Form (QR 3) is a form for a recipient to report a mid-quarter change.

The following are mandatory items for the recipient to report:

- In Food Stamp cases, recipients must report address changes.
- In Non-Assistance Food Stamp cases, recipients who are required to meet the ABAWD work requirement must report any reduction in number of hours worked less than 20 hours per week or 80 per month.
- In CalWORKs cases, recipients must report drug felony convictions, fleeing felon status, violation of conditions of probation or parole, address changes and when income exceeds the IRT.

(All-County Letter No. 03-18, April 29, 2003, pp.31-32)

026-10A REVISED 2/05

The IRT is defined as follows:

If any member of a CalWORKs assistance unit or member of the Family MAP has earned income, the assistance unit is required to report that income if total combined earned and unearned income of all persons included in the Family MAP exceeds the greater of 130% of the federal poverty level (FPL), or if the income exceeds the Family MAP.

- Assistance units that have earnings only or a combination of earned and unearned income must report income within 10 days if total income exceeds the IRT.
- Assistance units that have no income or unearned income only will be required to report if they have new earnings, that combined with other family income exceeds the IRT.
- Assistance units with unearned income only (including disability based unearned income) are not required to report income that exceeds the IRT mid-quarter.

(§44-316.324; All-County Letter No. 03-18, April 29, 2003, pp.32-33)

026-10B REVISED 8/04



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The county must provide an informing notice to recipients that spells out the IRT limit for each CalWORKs case on an individualized basis. The county must inform each assistance unit at least once per quarter of:

- The requirement to report gross monthly income that exceeds the IRT; and
- The consequences for failing to report; and
- The dollar amount of gross monthly income for the Family MAP that exceeds the IRT.

Informing shall also occur when the Family MAP changes, at redetermination/recertification, and upon recipient request. (ACL 03-18, April 29, 2003, p.33)

In addition to providing an informing notice at least once per quarter, at redetermination/recertification and upon recipient request, the county shall inform the assistance unit of their IRT anytime there are changes in the CalWORKs assistance unit or family size, or when there is a change of persons who are required to report income. Additionally, the assistance unit must be informed of the new IRT amount anytime the IRT chart is updated. (All-County Letter No. 03-57, November 10, 2003, §40-173.8. effective July 1, 2004)

#### 026-10C ADDED 2/04

Failure to report income that exceeds the IRT can result in an overpayment and disqualification from CalWORKs. (All-County Letter No. 03-18, April 29, 2003, pp.33)

#### 026-10F ADDED 2/04

For reports of income that exceed the IRT, verification will not be required prior to taking action to discontinue CalWORKs and food stamps. For voluntary reports of increased income, the recipient must verify the decrease prior to the benefits being increased. (All-County Information Notice No. I-54-03, August 27, 2003, question and answer 4B)

#### 026-10G ADDED 2/04

Income that must be reported for IRT purposes is the same as income that is required to be reported for determining cash eligibility and grant amount. This includes income of sanctioned, penalized, excluded and timed out individuals.

A CalWORKs recipient will be expected to report when total combined income, earned and unearned, of the assistance unit exceeds the IRT. Assistance units with unearned income only are not required to report when that income by itself exceeds the IRT mid-quarter. (All-County Letter No. 03-57, November 10, 2003)

#### 026-11 ADDED 2/04

In both CalWORKs and food stamps, if the assistance unit/household reports a drug felony conviction, fleeing felon status or violation of a condition of probation or parole, but the county is not able to provide 10-day notice to delete the individual involved, the county may not take the adverse action, but must issue benefits at the prior level.

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In CalWORKs, the benefits issued at the higher prior level is an overpayment regardless of whether the assistance unit reported the change timely or not.

In food stamps, no overissuance would be established if the household reported the change within 10 days. An overissuance would be established if the household failed to report the change within 10 days.

(All-County Letter No. 03-18, April 29, 2003, pp.35)

#### **026-11A ADDED 2/04**

When a recipient reports moving to another county, counties must follow inter-county transfer (ICT) rules found at MPP §§40-187 through 40-197. For food stamp purposes, the recipient's must reapply for food stamps in the second county. However, the first county will discontinue food stamps to coincide with the transfer period of the CalWORKs case. Thus if a recipient informs county A on February 5 that she moved to county B, county A will discontinue food stamps effective March 31 to coincide with the transfer of the CalWORKs case.

When a recipient moves from County A to County B, when County B assumes responsibility for the newly transferred case, County B will establish the new benefit amount based on their budgeting method and using their reporting cycle. When a case is transferred from a QR/PB county to a retrospective budgeting county (MRRB), the MRRB county must use prospective budgeting to determine the first two months of aid/benefits, similar to how a new application is handled.

(All-County Letter No. 03-18, April 29, 2003, pp.36; All-County Information Notice No. I-54-03, August 27, 2003, question and answer 14)

#### **026-12A ADDED 2/04**

In some cases, voluntarily reported changes may result in an increase in benefits in one program and a decrease in benefits in the other program. The county must take action to increase benefits but must suppress the decrease in the other program's benefits.

(All-County Letter No. 03-18, April 29, 2003, pp.42)

#### **026-12C ADDED 2/04**

The county shall recalculate the current quarter's CalWORKs and food stamp benefits when a recipient reports a decrease or discontinuance of income. In calculating such benefits, the county shall determine the month in which the decrease or loss of income was reported. The county shall add additional income the assistance unit/household reasonably anticipates for the current and remaining months of the quarter. The county shall then determine a new average monthly income for the current quarter by dividing the total income by the amount of months equal to the current and remaining months of the quarter.

The county shall do the above calculation for earned income, disability based unearned income and unearned income. In these calculations the county shall apply all applicable income disregards and/or food stamp allowances for each income type to the new average gross income amounts to generate average net non-exempt income (NNI) for each month.

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The county shall then recalculate benefits for the quarter by subtracting the newly averaged NNI from the applicable Maximum Aid Payment for CalWORKs. To determine the food stamp allotment, the county shall refer to the coupon allotment issuance chart using the net income for appropriate household size.

(All-County Letter No. 03-18, April 29, 2003, pp.43-44)

#### 026-12D ADDED 2/04

The Reduced Income Supplemental Payment (RISP) is not available in the QR/PB system. The provisions of *Jones v. Yeutter* are no longer applicable under QR/PB rules. Both RISPs and *Jones* were based on retrospective budgeting. (All-County Letter No. 03-18, April 29, 2003, pp.46-47)

#### 026-12F ADDED 2/04

Under the QR/PB system, a new member is added to the assistance unit as of the first of the month following the reported change or at the beginning of a quarter, depending on circumstances. However, for Medi-Cal eligibility purposes based on linkage to cash aid, the new assistance unit member may establish eligibility the month he/she joined the assistance unit.

If the person moving into the home was timely reported on the QR 7 or was timely and voluntarily reported mid-quarter, cash linked Medi-Cal is effective the month the individual moved into the home. If the recipient did not timely report the new member, cash linked Medi-Cal is effective the month the county received the report of the new assistance unit member.

There is an exception to this beginning date of aid rule. If the assistance unit does not report the birth of a newborn timely, cash linked Medi-Cal for the newborn would begin in the month following the child's birth after eligibility has been established and all verification has been provided. (All-County Letter No. 03-18, April 29, 2003, pp.51-52)

#### 026-12G ADDED 2/04

For both CalWORKs and food stamps, if the person moving into the home has income that once considered would result in the assistance unit/household being financially ineligible for aid, the county shall not take any action to change the assistance unit/household's benefits in the current quarter. The new person would not be entitled to receive Medi-Cal. (All-County Letter No. 03-18, April 29, 2003, pp.54-55)

#### 026-12H ADDED 2/04

The county must treat the addition/removal of an optional person and his/her income the same way as it would treat a person who is mandatorily included in the assistance unit. The county would add an optional person to the assistance unit the first of the month following the report of the change (if it would result in an increase in benefits) or effective the first of the next quarter if adding the optional person would result in a decrease in benefits. (All-County Information Notice No. I-54-03, August 27, 2003, question and answer 6)

#### 026-15 ADDED 2/04

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In the CalWORKs program, QR/PB does not provide for reconciling the first two months of aid that are prospectively budgeted. Under QR/PB reasonably anticipated income is not reconciled with actual income. (All-County Letter No. 03-18, April 29, 2003, p.66)

#### 026-16 ADDED 2/04

In the QR/PB system, a CalWORKs overpayment will be established as applicable based on:

- Recipient failure to report accurately and completely;
- County error;
- Recipient late reporting; and
- County inability to issue the correct grant amount due to the 10-day notice requirement when the recipient reported timely, completely and accurately.

Late reporting applies to both a late submission of the QR 7 and to late mandatory mid-quarter reports. The county will establish an overpayment when the recipient received a grant amount to which he/she was not entitled under QR/PB rules regardless of whether the recipient reported timely. (ACL 03-18, April 29, 2003, p.68)

In the food stamp program, an overissuance will be established if the household received an allotment greater than the amount it was entitled to receive under QR/PB rules and was due to recipient failure to report accurately or due to county error. If the recipient reports a mid-quarter change that is required to be reported timely, completely and accurately, the county shall not establish an overissuance due to the 10-day notice requirement.

An overissuance will be assessed when late reporting alone or together with the 10-day notice requirement delayed issuance of the correct amount. An overissuance will be established when a recipient submits a late QR 7 which results in the recipient receiving more food stamps than he/she was entitled to receive because the county could not reduce the food stamps without giving 10-day notice.

(All-County Letter No. 03-18, April 29, 2003, pp.68-69)

#### 026-16A ADDED 2/04

If a recipient fails to report income any time he/she is required to report, or the county fails to act correctly when a recipient reports income, the county shall determine benefits the recipient would have received based on an accurate report of income and correct county action on that report. The overpayment/overissuance begins on the first date the change would have been made based on an accurate recipient report.

Example: The assistance unit/household has income that exceeded the IRT since January 5, 2002. The assistance unit/household never reported this income and the county discovers this failure to report income. Since the assistance unit/household was required to report this income within 10 days (i.e., by January 15), the assistance unit/household was financially ineligible effective January 31 and the overpayment/overissuance is established effective February 2002.

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Example: The assistance unit/household submits a QR 7 on March 5 and reports that dad started a job on February 10 and that the income is expected to continue. The income does not exceed the IRT. The county fails to consider the income in issuing the CalWORKs grant and food stamp allotment beginning in April. If the increased income should have resulted in lower benefits, the county must establish an overpayment/overissuance beginning in April.

(All-County Letter No. 03-18, April 29, 2003, p.70)

#### 026-16B ADDED 2/04

Changes that are not required to be reported, but that may voluntarily be reported should not be considered when determining whether there is an overpayment/overissuance. Voluntary changes need only be reported on the QR 7 that follows the change.

Example: Dad moves back into an assistance unit on January 16. He is employed full time. The assistance unit submits a QR 7 in March for the February report month, but does not report this change on the QR 7 or at any other time. The county discovers in December that dad has been in the home since January. Because there is no deprivation the assistance unit is not eligible for CalWORKs. However, the assistance unit was not required to report dad in the home until it completed the QR 7 in March for the February report month. The first month of overpayment is April.

Example: A recipient assigned to the January-March quarter correctly reports on the QR 7 due in March that the assistance unit/household has not acquired new property since the last QR 7. In April the recipient wins a car but sells it for fair market value in May and spends the money on bills. The recipient reports these facts on the QR 7 due in June. Since the assistance unit/household is property eligible in July-September quarter based on the June QR 7 and was not required to report the property mid-quarter, the county does not establish a property overpayment/overissuance for April-June. (All-County Letter No. 03-18, April 29, 2003, p.71)

#### 026-16C ADDED 2/04

In the QR/PB system, the only time an assistance unit /household is required to report property is on the QR 7. Property related overpayments/overissuances will be determined based on information that should have been reported on the QR 7. An assistance unit/household is only required to report property when property exceeds the limit in the second month of the quarter (i.e., the QR Data Month).

If a recipient owned property that exceeded the resource limit in the second month of the quarter and failed to report it on the QR 7, or if the county failed to act correctly on a report of property that exceeds the limit, the county shall determine the benefits the assistance unit/household should have received. (All-County Letter No. 03-18, April 29, 2003, p.72)

#### 026-16E ADDED 2/04

No overpayment/overissuance or underpayment/underissuance shall be assessed when actual income received during the quarter differs from the amount of income reasonably anticipated, as long as the recipient met his/her reporting responsibilities. No reconciling based on actual income is done if reporting requirements are met accurately and

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completely and the county averaged and issued benefits based on reasonably anticipated income.

Reconciling beginning months of CalWORKs to determine the correct grant amount does not apply in QR/PB rules. (All-County Letter No. 03-18, April 29, 2003, p.74)

#### 026-17 ADDED 2/04

If the county determines that the assistance unit/household received an underpayment/underissuance due to county error, the county must take action to restore those benefits. Restoration is based on QR rules. The county may not use actual verified income to reconcile against prospectively budgeted income that was used in the benefit calculation as income that was "reasonably anticipated" at the time benefits were calculated.

As an example, in CalWORKs an underpayment should be provided for an assistance unit for any pregnant/parenting teen who had previously been aided as a dependent child and who had a break in aid between being aided in their parent/caretaker relative's assistance unit and establishing her own assistance unit. (All-County Letter No. 03-18, April 29, 2003, p.73)

#### 026-18 REVISED 2/05

Counties have options how to establish quarterly reporting cycles. Applicants and recipients shall be assigned to specific reporting cycles in one of the following ways:

- The application date;
- The terminal digit of the case number; or
- Some other method determined by the county.

§40-107(j); (All-County Letter No. 03-18, April 29, 2003, p.77)